

HIGHER EDUCATION: ANSWERS TO FREQUENTLY ASKED QUESTIONS

How Do Student Fees Contribute to Community College Funding?

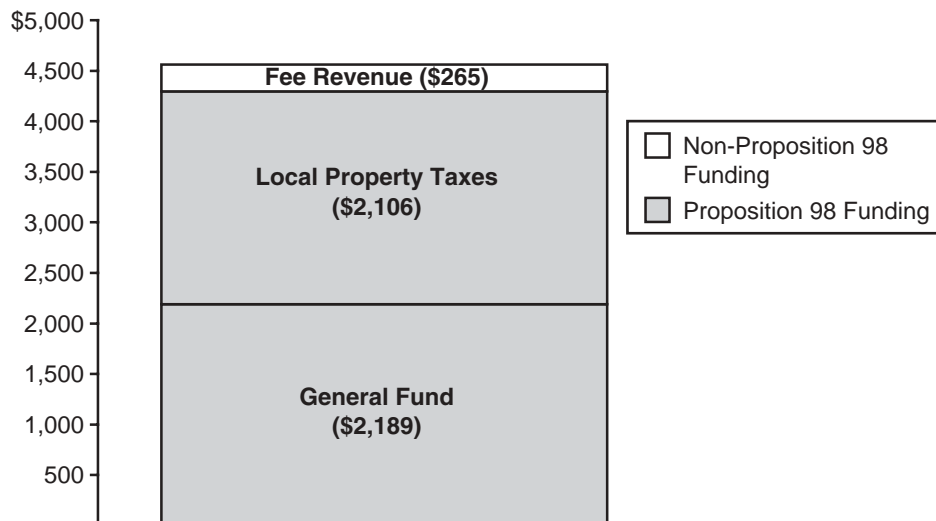


Each community college district keeps the fees it collects from its students.

- These fees contribute toward each district's "general apportionment," which is the funding source for general educational costs. Local property taxes and state General Fund monies are the other main sources of district support.
- Fee revenue is on top of whatever Proposition 98 support the state ultimately provides community colleges each year.

California Community Colleges Apportionments Estimated Statewide Total

2003-04 (Dollars in Millions)



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(Continued)



The Legislature sets community college fees in statute. When fees are increased, this generates additional revenue that is collected and retained by the districts.

- Because it is collected locally, student fee revenue is not appropriated in the annual budget act. However, because fee revenue contributes to overall community college support, the Legislature's decisions about setting fee levels and appropriating General Fund support through the budget act are interrelated.
- As a practical matter, a fee increase can either *supplement* the colleges' General Fund revenue (thus increasing total resources available to the colleges), or can *supplant* General Fund revenue (thus creating General Fund savings for the state). Choosing between these approaches is decided by the Legislature and Governor in enacting the budget act.



Functionally, fees play essentially the same funding role for community colleges as they do for the University of California and the California State University.

- For all three public higher education segments, student fees contribute to overall funding.
- For all three segments, the Governor and Legislature can use a fee increase to offset General Fund support. Alternatively, they can permit a fee increase to supplement state support.
- In tough budget times, the state has generally used fee increases to mitigate a portion of General Fund reductions. As a result, total resources available to the colleges during these years probably have been higher than they otherwise would have been.